

Message Text

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ORIGIN EB-11

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FM SECSTATE WASHDC

TO AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY BONN

INFO USMISSION BERLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

USMISSION NATO

AMEMBASSY MOSCOW

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E.O. 11652: N/A

TAGS: ETRN, PGOV, WB, UR, GE

SUBJECT: CIVAIR: PROPOSED COPENHAGEN-BERLIN SERVICE BY
PANAM

REF: (A) BONN 6683 (B) BONN 80396 (C) BONN 6609 (D) BONN
6535 (E) STATE 73732 (F) BONN 12185

1. WE ARE PLANNING TO SEEK DANISH AUTHORIZATION FOR PAN-
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AMERICAN TO COMMENCE IN APRIL 1974 TURN-AROUND AIR SERVICE

BETWEEN COPENHAGEN AND BERLIN, SIMILAR TO THAT INITIATED BETWEEN AMSTERDAM AND BERLIN EARLIER THIS YEAR. PANAM PLANS TO OFFER FIVE TO SEVEN ROUNDTRIPS WEEKLY, DEPENDING ON BREADTH OF MARKET, USING B-727 AIRCRAFT (PRESUMABLY FROM PRESENT IGS FLEET).

2. WE WOULD PREFER THAT AUTHORIZATION TAKE FORM OF AMENDMENT TO US-DENMARK AIR SERVICES AGREEMENT, AS PER FOLLOWING TEXT OF NOTE WHICH WE WOULD LIKE TO DELIVER TO DANES HERE IN NEAR FUTURE. HOWEVER, WE WOULD, AS LAST RESORT, SETTLE FOR LESS FORMAL AUTHORIZATION FOR OPERATIONS OUTSIDE AGREEMENT. TEXT OF NOTE:

QTE. THE SECRETARY OF STATE PRESENTS HIS COMPLIMENTS TO HIS EXCELLENCY THE DANISH AMBASSADOR AND, WITH

REFERENCE TO THE UNITED STATES-DENMARK AIR TRANSPORT AGREEMENT OF DECEMBER 16, 1944, AS AMENDED, HAS THE HONOR TO PROPOSE THE FOLLOWING TECHNICAL AMENDMENT TO PARAGRAPH A TO THE ANNEX TO THE AGREEMENT:

QTE. WITHOUT PREJUDICE TO THE RIGHT OF THE UNITED STATES OF AMERICA FOR ITS DESIGNATED AIRLINES TO OPERATE THROUGH AIR SERVICES FROM THE UNITED STATES VIA INTERMEDIATE POINTS TO COPENHAGEN AND BEYOND, AS PROVIDED FOR IN THE UNITED STATES ROUTE DESCRIBED IN THIS ANNEX, THE GOVERNMENT OF DENMARK WILL PERMIT PAN AMERICAN WORLD AIRWAYS (OR SUCH OTHER AIRLINE AS THE UNITED STATES GOVERNMENT MAY NOTIFY TO THE DANISH GOVERNMENT) TO PICK UP AND DISCHARGE INTERNATIONAL TRAFFIC IN PASSENGERS, CARGO, AND MAIL AT COPENHAGEN ON A TURNAROUND AIR SERVICE BETWEEN COPENHAGEN AND BERLIN. FOR PURPOSES OF THE PROVISIONS OF THE AGREEMENT, TRAFFIC CARRIED ON THIS SERVICE WHICH HAS ITS INITIAL ORIGIN OR ULTIMATE DESTINATION IN BERLIN SHALL BE REGARDED AS THIRD/FOURTH FREEDOM TRAFFIC. END QTE

QTE. THE PROPOSAL TO INITIATE AIR SERVICES BY A US AIRLINE BETWEEN BERLIN AND COPENHAGEN, APART LIMITED OFFICIAL USE

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FROM THE BASIC AVIATION CONSIDERATIONS INVOLVED, IS VIEWED AS A MEANS OF FURTHER CONTRIBUTING TO BERLIN'S ECONOMIC AND SOCIAL VIABILITY, A GOAL TO WHICH BOTH OF OUR GOVERNMENTS REMAIN STEADFASTLY COMMITTED. IN ADDITION, HOWEVER, INITIATION OF SUCH SERVICE WOULD MAKE AVAILABLE TO UNITED STATES AIRLINES AN OPPORTUNITY TO EARN INCREASED REVENUES UNDER THE BILATERAL AGREEMENT WHICH IS CURRENTLY

HEAVILY IMBALANCED IN FAVOR OF SCANDINAVIAN AIRLINES.
END QTE.

3. WE REALIZE DANES MAY VIEW PROPOSED SERVICE AS COMMERCIAL THREAT TO COPENHAGEN-SCHOENEFELD OPERATIONS BY SAS. NONETHELESS, DANES ARE ON RECORD AS TO NEED FOR DIRECT COPENHAGEN-WEST BERLIN SERVICE, AND WE WILL BE PREPARED TO JUSTIFY OUR PROPOSAL ON BASIS OF PUBLIC CONVENIENCE. ADDITIONAL FACTOR IS THAT SAS HAS SHOWN SCANT INTEREST IN EXTRACTING FROM GDR OVERFLIGHT RIGHTS NECESSARY TO EXPLOITATION OF WEST BERLIN LANDING RIGHTS GRANTED TO SAS BY ALLIES IN 1972.

4. MINDFUL OF HACKLES RAISED BY HANDLING OF PROPOSAL FOR PANAM-AMSTERDAM-BERLIN SERVICES EARLIER THIS YEAR AND EMPHATIC UK AND FRG REQUESTS THAT ANY APPLICATIONS

SIMILAR FUTURE SERVICES BE SUBJECT PRIOR CONSULTATIONS, WE BELIEVE IT ADVISABLE TO CONSULT WITH UK, FRENCH AND FRG ABOUT PROPOSED SERVICE PRIOR MAKING APPROACH TO DANES. HOWEVER, INASMUCH AS DANES MIGHT LEARN THAT SUBJECT BEING DISCUSSED IN BACTAG, AND TAKE OFFENSE AT USG FOR LACK OF PRIOR NOTIFICATION, WE ASSUME BACTAG MEMBERS WILL AGREE THAT USG SHOULD SHORTLY INFORM DANISH GOVERNMENT, AT LEAST INFORMALLY, THAT MATTER BEING STUDIED IN BCATAG.

5. WHILE WE ANTICIPATE OBJECTIONS TO PROPOSED SERVICE FROM BOTH FRG AND UK, WE FEEL CHANCES OF OVERCOMING THEIR SUBSTANTIVE ARGUMENTS WOULD BE GREATLY ENHANCED IF WE AVOID UNNECESSARILY ANTAGONIZING THEM BY FAILURE TO CONSULT DESPITE THEIR STRONG DEMARCHES ON THE SUBJECT.

6. WE ANTICIPATE FRG OPPOSITION WOULD FOLLOW LINES SET OUT IN REF A, DEPARTMENT WOULD SUGGEST COUNTERING LIMITED OFFICIAL USE

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PREDICTABLE FRG ARGUMENT THAT PANAM BERLIN-COPENHAGEN LINK MIGHT DIVERT BERLIN TRAVELERS AWAY FROM LUFTHANSA FLIGHTS BETWEEN FRG AND COPENHAGEN BY NOTING THAT FRG HAS ALREADY ENDORSED PROPOSED SAS OPERATIONS BETWEEN WEST BERLIN AND COPENHAGEN ON NORTH-SOUTH AXIS, WHICH WOULD BE OPERATIONAL DIRECTION PANAM SERVICE WOULD FOLLOW, AND THAT PANAM SERVICE MORE LIKELY SIPHON OFF INTERFLUG PASSENGERS CURRENTLY TRAVELING COPENHAGEN-WEST BERLIN DIRECT VIA SCHOENEFELD THAN AFFECT LUFTHANSA OPERATIONS.

7. GIVEN UK'S EARLIER RESERVATIONS ON BERLIN-AMSTERDAM SERVICE BASED ON WHAT IT FELT WAS UNSETTLED IGS SITUATION (REF B) AND CURRENT UK POSITION FAVORING REDUCED FREQUENCIES AND RAISED FARES ON IGS, WE ANTICIPATE POSSIBLE

UK EFFORT TO OBTAIN QUID PRO QUO IN EXCHANGE FOR BERLIN-COPENHAGEN RIGHTS. IF ISSUE ARISES, EMBASSY SHOULD RESIST LINKAGE THESE TWO SUBJECTS AND ARGUE THAT PROPOSED PANAM SERVICE STANDS ON ITS OWN MERITS OF ENHANCED PASSENGER CONVENIENCE AND THAT SERVICE MORE LIKELY AFFECT INTERFLUG THAN IGS OR LUFTHANSA FLIGHTS.

8. PANAM REQUEST BERLIN-MOSCOW CHARTER VIA GDR SUBJECT SEPTEL. CAA SHOULD USE HIS DISCRETION IN DETERMINING WHETHER HE SHOULD RAISE BERLIN-MOSCOW CHARTER REQUEST WITH UK AND FRENCH COLLEAGUES WHEN RAISING BERLIN-COPENHAGEN SERVICE OR AT SEPARATE SESSIONS. ROGERS

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